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FIRST ANNUAL REPORT

FOR THE FISCAL PERIOD ENDED DECEMBER 31st, 1964



FEDERAL SAVINGS
& LOAN CORPORATION

BOARD OF DIRECTORS

Officers The Honourable
G. ERNEST HALPENNY, P.C., Chairman of the Board
OSCAR RECHTSHAFFEN, President
LEE W. LARKIN, Vice-President
JAMES H. MORLOCK, Secretary-Treasurer
DAVID MELNIK, Assistant Secretary
CARL ELLIOFF, Assistant Treasurer
JOHN W. STEWART, Assistant Treasurer
E. H. W. BRADFORD, Assistant General Manager

Directors GORDON R. P. BONGARD
The Honourable G. ERNEST HALPENNY, P.C.
LEE W. LARKIN
JAMES H. MORLOCK
IRVIN RECHTSHAFFEN
OSCAR RECHTSHAFFEN
ROGER N. SEGUIN, Q.C.

Auditors MESSRS. PRICE WATERHOUSE & CO.

Registrar and Transfer Agent FEDERAL SAVINGS & LOAN CORPORATION
Toronto

Branch Registrar and Transfer Agent NATIONAL TRUST COMPANY, LIMITED
Toronto

Head Office 141 YONGE STREET
TORONTO

Savings Branches 141 YONGE STREET
605 DANFORTH AVENUE
950 ST. CLAIR AVENUE WEST
TORONTO

FEDERAL SAVINGS & LOAN CORPORATION



Oscar Rechtshaffen
President

REPORT OF THE DIRECTORS

DEAR SHAREHOLDER:

On behalf of your Directors, I am pleased to present the first Annual Report of your company for the fiscal period ended December 31st, 1964.

The public response to the opening of our first two savings branches in Toronto was an exhilarating experience. The opening of thousands of accounts in a short period of time augurs well for the rapid and sustained growth of your company.

A third savings branch will be opened early in July, with more branches planned later in the year. All branches will be in Metropolitan Toronto for the near future, as almost one person in ten of Canada's entire population is concentrated in this area. The greater ease of management of branches in a single geographical grouping, and the stronger impact and reduced cost of promotional activities reinforce this judgment.

Mortgage loans have been developed rapidly through the services of our affiliated company, Security Capital Corporation Limited. From the commencement of lending operations in September, 1964 to December 31st, 1964, first mortgage loans totalling \$1,304,396 were completed. The current flow of acceptable mortgage applications gives every indi-

cation of increasing volume as the year progresses.

The average rate of interest earned on mortgage loans is in excess of 7%, providing an economic spread between the lending rate and the interest paid on deposit and debenture liabilities to the public. The majority of loans are on single family dwellings with an average size loan of about \$10,000. These are spread in a broad diversification throughout Ontario and in principal cities in Alberta.

Although operations to December 31st, 1964 showed a loss for the period of \$9,601., this is a highly favourable performance in view of the initial costs incurred by a new company in this field. Mortgage loans completed have risen to more than \$3,000,000 at this time.

Since the original stock subscriptions were made, your company has received additional capital payments of \$117,327 under the terms of a share purchase agreement with Security Capital Corporation Limited. The balance of \$156,903 is expected to be received on or before August 15th, 1965, which will complete payment of the total purchase price of \$440,000.

The enthusiasm and competence of your company's personnel is evident in the rapid progress demonstrated. We extend to them our sincere thanks and appreciation.

With this fine start we look forward to a year of continued progress and achievement.

Respectfully submitted on behalf of the Board,

A handwritten signature in dark ink, appearing to read 'Oscar Rechtshaffen'.

President.

May 27, 1965.

FEDERAL SAVIN

BALANCE SHEET,

ASSETS

Cash.....	\$ 214,233
Accounts receivable.....	1,440
Mortgages receivable.....	\$1,304,396
Less—Amounts not yet advanced.....	80,196
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	1,224,200
Accrued mortgage interest.....	6,601

On behalf of the Board,

ATTESTED: OSCAR RECHTSHAFFEN

JAMES H. MORLOCK

\$1,446,474

AUDITOR

TO THE SHAREHOLDERS OF

FEDERAL SAVINGS AND LOAN CORPORATION

We have examined the balance sheet of Federal Savings and Loan Corporation as at December 31, 1964. Our examination included a general review of the accounting records and other supporting documents in the circumstances.

In our opinion, the accompanying balance sheet of Federal Savings and Loan Corporation as at December 31, 1964.

March 1, 1965.

S & LOAN CORPORATION

EMBER 31, 1964

LIABILITIES

CURRENT LIABILITIES:

Deposits and accrued interest.....	\$ 53,790
Accounts payable and accrued liabilities.....	45,748
	<u>99,538</u>

DEFERRED INCOME:

Unamortized discounts on mortgages receivable.....	2,050
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SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 2):

Authorized—

500,000 shares of \$10 each.....	<u>\$5,000,000</u>
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Issued—

112,300 shares, fully paid.....	\$1,123,000
77,700 shares, partly paid.....	777,000
Premium on fully paid shares.....	147,300
Premium on partly paid shares.....	77,700

2,125,000

Less—Amounts unpaid (Note 3).....	<u>751,940</u>
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1,373,060

Less—Premium received transferred to Profit and Loss Account.....	155,070
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1,217,990

PROFIT AND LOSS ACCOUNT.....	126,896
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1,344,886

\$1,446,474

REPORT

ings and Loan Corporation as at December
ew of the accounting procedures and such
vidence as we considered necessary in the

presents fairly the financial position of the

PRICE WATERHOUSE & CO.
Chartered Accountants.

FEDERAL SAVINGS & LOAN CORPORATION

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM INCORPORATION ON MAY 28, 1964
TO DECEMBER 31, 1964

Premium received on sale of shares.....	\$155,070
Less organization and financing expenses.....	18,573
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	136,497
Loss for the initial fiscal period (Note 1).....	9,601
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Balance at December 31, 1964.....	\$126,896

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1964

1. Federal Savings and Loan Corporation was incorporated under The Loan and Trust Corporations Act of Ontario by letters patent dated May 28, 1964 and was registered to transact business under the Act on July 20, 1964. Business operations began in the second half of August, 1964.
2. The corporation has granted an option to Mr. Oscar Rechtshaffen, President, to purchase 7,500 unissued shares of the capital stock of the corporation at \$11.00 per share up to June 30, 1969. An option has also been granted to Security Capital Corporation Limited to purchase 10,000 unissued shares of the capital stock of the corporation at \$11.00 per share up to February 15, 1966. This latter option is conditional upon Security Capital Corporation Limited paying in full by August 15, 1965 the amount owing on shares referred to in Note 3.
3. The total of \$751,940 remaining to be paid on the 77,700 partly paid shares includes \$256,940 in respect of 27,700 shares payable by Security Capital Corporation Limited on or before August 15, 1965. The balance of \$495,000 in respect of 50,000 shares will be payable from time to time at the call of the directors, but not later than ten years from date of issue.

